DOCUMENT RESUME

ED 333 174 CE 058 187

AUTHOR Gaullier, Xavier; Thomas, Charles
TITLE Modernization and Age Management in France: French Older Workers and Employment.
INSTITUTION International Exchange Center on Gerontology, Tampa, FL.
PUB DATE 91
NOTE 51p.
AVAILABLE FROM International Exchange Center on Gerontology, University of South Florida, Box 3208, Tampa, FL 33620.
PUB TYPE Reports - Descriptive (141)

EDRS PRICE MF01/PC03 Plus Postage.
DESCRIPTORS Adult Education; Age Discrimination; *Aging (Individuals); *Early Retirement; Employment Practices; Equal Opportunities (Jobs); Foreign Countries; Job Applicants; Job Application; Job Placement; Labor Force; Labor Needs; Middle Aged Adults; Personnel Management; *Personnel Policy; Policy Formation; *Public Policy; *Reduction in Force; Reentry Workers; Retraining; Unemployment; Work Life Expectancy
IDENTIFIERS *France; *Older Workers

ABSTRACT

In the new context of economic recovery, employment creation, new technologies, and labor shortages in some sectors, France cannot sustain a systematic policy of rejecting aging workers. This policy has led gradually to the recognition that early retirement was merely an easy way out of the problem that has many substantially adverse effects on the economic, political, and social spheres. A new consensus on age management has three aspects: older workers in the workplace, older workers' layoffs, and reemployment of the older unemployed. In the workplace, stereotypes should be eliminated; enterprises should invest in massive, diversified, and integrated training programs; and forward-looking personnel management should be used. Adjustment initiatives for retirees could be made more attractive, and fewer, more selective, and more rigorously negotiated early retirement agreements are required. The implementation of an appropriate policy for reemployment of older workers implies action in five directions: (1) change in employment practices and behaviors; (2) emphasis on job placement; (3) expansion of sources of employment; (4) targeted, motivating training in an individualized program; and (5) local management based on partnership. A proactive policy must guide the public authorities, enterprises, unions, and workers. (A glossary of French terms is appended.) (YLB)

**********
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
**********

ED383174

# MODERNIZATION AND AGE MANAGEMENT IN FRANCE:
## FRENCH OLDER WORKERS AND EMPLOYMENT

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☐ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

L'Mullier

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

Xavier Gaullier
and
Charles Thomas

INTERNATIONAL EXCHANGE CENTER ON GERONTOLOGY
at the UNIVERSITY OF SOUTH FLORIDA
*A Multi-University Consortium*

CE058187



BEST COPY AVAILABLE

# MODERNIZATION AND AGE MANAGEMENT IN FRANCE: FRENCH OLDER WORKERS AND EMPLOYMENT

by
Xavier Gaullier
National Center for Scientific
Research, Paris

and
Charles Thomas
National Association for Adult
Occupational Training, Paris

Foreword by
Harold L. Sheppard

Translated by
Marie Bruns

Published by
International Exchange Center on Gerontology
University of South Florida
Tampa, Florida
1991

Published by
International Exchange Center on Gerontology
University of South Florida
Box 3208
Tampa, Florida 33620
1991

## Table of Contents


| | | Page |
|---|---|---|
| Foreword by Harold L. Sheppard | | v |
| Part I. | Problem For Today's Society: The Challenge of Age | 1 |
| Part II. | Older Workers in the Workplace | 17 |
| Part III. | Lay-offs of Older Workers and Early Retirement Programs | 29 |
| Part IV. | The Re-Employment of Older Workers | 33 |
| Part V. | Conclusion | 39 |
| Addendum: | Explanations of French Terms and Expressions | 43 |

## FOREWORD

by

## Harold L. Sheppard*

This publication is based on an extensive "Executive Summary" (actually, the "Synthese") of a much larger report prepared for France's Ministry of Labor, Employment, and Training, and Ministry in Charge of the Social Protection of the Aged. The title of the nearly 300-page report is *Modernisation et Gestion des Âgés: Les Salariés Âgés et l'Emploi*, published in 1990 by La Documentation Française.

Its chief authors are Xavier Gaullier (of the French government's National Center for Scientific Research)**, and Claude Thomas (Chairman of the Board, the National Association for Adult Occupational Training).

In the letter commissioning Gaullier and Thomas to prepare a report on the situation of older workers in France, officials of the two Ministries explained that such a study (and set of policy recommendations) were urgently required, in the light of (1) population aging trends in France (such as the increase in workers 45 and older as a proportion of the country's labor force); (2) the need for such workers to be fully involved in the trend toward modernization; and (3) the indispensable role of training programs for older workers to prevent their obsolescence in the midst of new technologies and organizations.

---

*Director of the International Exchange Center on Gerontology, 1983-91. Currently Professor in the Department of Gerontology, University of South Florida.

**Dr. Gaullier's address is: CNRS, 39, rue de l'Arbalete, 75005 Paris, France.

In my own opinion, such a report definitely is called for, since the situation in France is mind-boggling, given merely the fact that it has by far the lowest labor force participation rate for older men (e.g., 55-64) of any industrialized society -- roughly, 50 percent.

For more than a decade, Xavier Gaullier has been contributing to the policy-relevant literature (in the popular press, as well as in academic and official circles) on such issues as the politics of aging, older worker problems, and "early" retirement. I want to note especially his:

- *L'Avenir à Reculons: Chomage et Retraite,* Editions, Ouvrieres Paris, 1982, and

- *La Deuxième Carrière: Ages, Emplois, Retraites,* Le Seuil, Paris, 1988.

Because of these and other accomplishments, he was invited by the International Exchange Center to present a paper at the Center's International Symposium on "The Future of Older Workers," in September, 1989. He spoke on his appraisal of the French experience *vis a vis* older worker policies. That contribution to the Symposium has been published as a chapter in *The Future of Older Workers* by the International Exchange Center, in 1990.

The International Exchange Center on Gerontology is grateful to Dr. Gaullier for granting permission to the Center for publishing and disseminating the English
translation of this important government policy statement -- and also for arranging for the costs of its translation, a task admirably performed by Marie Bruns. Ms. Bruns' expertise concerning the issues and problems of older workers enriches her billingual proficiency, for which Dr. Gaullier and I want to acknowledge here our deep appreciation.

# MODERNIZATION AND AGE MANAGEMENT IN FRANCE: FRENCH OLDER WORKERS AND EMPLOYMENT

## PART I
## INTRODUCTION

Social and employment policies are changing rapidly, but the implications of such changes for the position of various age groups in society have not received sufficient attention. And yet, faced with the employment crisis, industrialized nations have completely altered the two ends of the working life spectrum: young and old workers have had to face a steadily decreasing employment rate and are subject to a more precarious status. France has the highest unemployment rate among the younger population and has gone the farthest in terms of early retirement.

A detailed analysis of French policies concerning older workers in the past ten years, which we have outlined in various publications, first shows *the changes in the social welfare system*. The management of old age risks through a universal retirement pension at a fixed age is being diversified: withdrawal from work life can now take place at different times and be spread over ten years, depending on the various and changing plans. *Old age policy is an employment policy*. Through these changes, the whole social welfare system is affected: withdrawal from work life is based on two systems: retirement in the strict sense of the word, and early retirement plans which are governed by different financing, and eligibility criteria, etc., -- and conflicting orientations: postponing retirement to finance pensions *versus* shortening work life because of a scarcity of jobs. The different social risks interfere with each other: The pensions system serves employment; unemployment benefits at a certain age are a form of forced retirement; and health insurance (through disabilities) takes care of employment problems encountered by older workers. At the same time, new risks are emerging: training/reconversion (with specific

measures for older workers); the dependency of the elderly; and poverty. The means of regulation which were characteristic of the period of economic grow ., with social policies built around five distinct risks (accidents at the workplace, family, aging, illness, and unemployment), are now being called into question.

Social policies cannot be understood separately: they reflect society's changes. The new policies concerning withdrawal from work life have to be seen *from the economic and institutional angle*, by looking at personnel management in enterprises, as well as by observing the interactions between the social actors (public authorities, unions, and businesses). Early retirement in France reflects a national model of crisis management: external flexibility and extensive social welfare; priority given to productivity over employment; and a wages policy favoring those who are employed. Its purposes have evolved with the economic situation: it was used initially to reduce redundancies in declining industries and then to help flourishing enterprises make room for younger workers. This type of age management allows for a study of older workers without isolating them from the other age groups nor from career development actions.

Finally, social and employment policies combine *to change the organization of ages* created by industrial society culminated during the "Glorious Thirty Years": youth, adult life, old age. Indepth surveys over a long period of time show what is changing in younger and older workers' life styles, during what we have called "Post-adolescence" and "Second Careers". One can analyze this as the development of preexisting models, or as the emergence of new life styles. In any case, the different ages that make up the life cycle are becoming more numerous and more diverse, as well as more flexible. We are witnessing a new shift in the relationship between working time and leisure time throughout all of life. At the same time, the relationships between generations are changing, both between working and non-working people (a pay-as-you-go pension system) and between younger workers and older workers (seniority). We are faced with a transformation of ages and of generations.

Faced with the oil and economic crises of the 70's and the restructuring needs that ensued, France adopted a policy of massive early retirement incentives (1,400,000 in 15 years), which were offered at an increasingly early age -- 60 years under the *garantie de ressources system*,* 55 or 56 under the ASFNE, 55 under the so-called *solidarity contracts*, and 50 in the steel industry. The changes in the latter part of older persons' career were more radical in France than in any other industrial country.

Within the economic context of the early 90's it seems opportune to evaluate these policy actions, that is, take stock of the past and its implications, and review proposals for future action.

Based on analyses of the measures taken by enterprises and public authorities, this report discusses three particular aspects of the problem.

- employment and in-service training of older workers
- dismissal of older workers and early retirement
- reemployment of older workers

The report is supplemented by a study (not presented in this translation) based on a survey made by the Fondation des Villes and SOFRES. It contains an analysis of the employment situation of workers 45 years of age and older, whether employed or unemployed.

The report is intended mainly for business executives, unions, and public authorities, as well as for those engaged in training older workers themselves. It reviews the employment of older workers in relation to that of other age groups of workers, taking into account economic efficiency, population trends and the need for social cohesion.

Age management within the employment policy is an important problem in today's society and will become more so in the future: This challenge can be turned into a goal in itself.

*An explanation of French expressions and organizations is presented at the end of this publication.

MODERNIZATION AND AGE MANAGEMENT IN FRANCE:
FRENCH OLDER WORKERS AND EMPLOYMENT

**THE SITUATION IN FRANCE**

Following the expansion of early retirement incentives, the labor force participation rate for 55 to 64 year old French males as of 1985 declined, reaching the lowest level of any industrial country (Organisation for Economic Cooperation and Development, Paris: *Reforming Public Pensions*, 1988, Table C-3):

| | |
|---|---|
| FRANCE | 50% |
| USA | 67% |
| SWEDEN | 76% |
| JAPAN | 83% |

A man's working life ends at an increasingly young age if one compares the percentage of 50-year-olds working in 1973, 1981, and 1988. (INSEE)

**Male Labor Force Participation Rate:**

| AGE | 1973 | 1981 | 1988 |
|---|---|---|---|
| 50-54 | 93.7 | 92.4 | 90.2 |
| 55-59 | 82.3 | 79.5 | 67.3 |
| 60-64 | 61.8 | 42.5 | 25.4 |
| 65-69 | 22.8 | 13.0 | 8.0 |
| 70-74 | 8.5 | 6.8 | 3.7 |
| 75+ | 3.7 | 3.1 | 2.0 |

These data apply to men; the trend is different for women between the ages of 50 and 60, for whom the participation rate has increased slightly.

At the time of taking their pension, few workers are still working. Among professional level staff requesting payment of their pension benefits in 1988, only 26.5% were still in the labor force. The

others were either in early retirement status (35%) or unemployed (20%). At the time of taking their pension, the number of *non*-working would-be employees was twice as high as the gainfully employed. (AGIRC)

In 1982, before the change in the retirement age, early retirees numbered more than 700,000. In 1989, there were 450,000 of them, and their early pension costs accounted for 80% of the National Employment Fund budget (17.5 billion Francs).

In 1989, the number of over-50 unemployed workers was 382,000, 15% of all unemployed workers (category 1 job seekers). If one includes all the categories of unemployed workers recognized by the national employment agency (ANPE), as well as those workers exempt from seeking employment because of their age, unemployed workers over 50 receiving unemployment benefits numbered 509,000, i.e., 27% of all such beneficiaries. What characterizes the over-50 unemployed work force is not so much their number as the *length* of their unemployment. Among the long-term unemployed (i.e., jobless for more than a year) who number 867,000, the over-50-year-olds account for 27%, i.e., nearly twice the percentage of their age group in the total number of unemployed. 97,000 of them have been officially registered as job seekers for one year to less than two years; 55,000, from 2 years to less than three years; and 85,000 for 3 years or longer. Their reemployment rate is low and the number of older unemployed workers in training programs is also very low.

The average cost of basic allowances received by unemployed workers over 50 (170,000 Francs) is nearly 5 times higher (493.04%) than that of workers *under* 50 (28,685 Francs).

The increasing joblessness of older workers sometimes results from early retirement to eliminate overstaffing. But it is also linked to (a) "trade-offs" where older workers are replaced by younger ones; (b) technological change; (c) population trends in the labor force, and (d) new methods of personnel management. Any discussion of older workers must deal not only with their withdrawal from gainful employment, but also with the whole latter part of their careers, issues relating to age and generational problems starting as early as the mid-forties.

## MODERNIZATION AND AGE MANAGEMENT IN FRANCE: FRENCH OLDER WORKERS AND EMPLOYMENT

For about 15 years a paradoxical consensus has emerged in France on an expansion of early retirement. That policy was advocated by business enterprises, labor unions, and government, each for their own reasons. This systematic approach to early retirement has led gradually to recognition that such a consensus was merely an easy way out of the problem and that it often has many substantially adverse effects in the economic as well as political and social spheres.

### OLDER WORKER POLICIES IN FRANCE

**During the Period of Economic Growth (1945-1970):**

The situation of older workers during the period of economic growth expansion following World War II (the period preceding the "early retirement decade") can be summarized in four familiar descriptive points:

1. Linearity of the occupational career with permanent, full-time employment beginning at the end of schooling and extending up to retirement fairly late in life.

2. A career that associated a concept of aging as a progressive "deficiency" with a seniority system that protected the older worker (wages that increase with age, benefits, the "last hired, the first fired" principle, end-of-career transfers to less demanding positions).

3. Full-time retirement at a specific age, with income mainly from a retirement pension fund, and a life style made up of rest, free time, and family during the relatively short period before loss of autonomy and death.

4. A three-stage life cycle: education (youth), productivity (maturity), and inactivity (old age), where personality was primarily defined in terms of work.

These four points have undergone enormous change during the "early retirement decade".

**Older Workers and the Economic Crisis:**

*Early retirement and overstaffing.* French companies responded to the oil and economic crises of the early 1970s by early retirement measures designed to cut manpower rapidly without triggering labor disputes. As measures taken to cope with the new situation, these decisions can be characterized as stopgap policies adopted because there was no forecasting or attempt to find alternative solutions to the problem. The measures adopted over this ten year period varied widely but can be summed up as follows:

- They affected younger and younger workers: initially age 60 and then age 55 when the legal retirement age was lowered to 60 (in 1982), 50 and even younger in certain sectors of the economy (steel). An individual can now be eligible for early retirement 10 or even 15 years before the legal retirement age with full benefits.

- These measures were, in the vast majority of cases, obligatory and not voluntary. Career exit policies applied to all workers falling under the same regulation and thus were unrelated to the individual's state of health, physical abilities, intellectual capacities, or personal desires.

- Early retirement policies are national agreements between unions and employers, or decisions taken by the State. Currently a firm which is overstaffed can be authorized by the Labor Ministry to instigate early retirement for all the workers 55 and over; the company pays 12% of the salary of the person on an early retirement pension up to the legal retirement age, and the Labor Ministry pays the rest.

- The early retirement pension has gradually diminished over the last ten years. At the present time, it is about 55 to 60% of the terminal wage or salary and is paid regularly up to the legal retirement age. It is financed by the national-level un-

employment insurance funds or by the State, but never by retirement pension funds.

- People on early retirement pensions are forbidden to hold other jobs (even part-time) and if they do so, lose their benefits. At a certain point when unemployment had reached approximately 10% of the workforce in France, even volunteer work was not allowed, out of concern that this would take away work from others.

- The number of people on early retirement is high. In 1985, the rate of participation in the labor force for men in France between the ages of 55 and 64 was 50%. The percentages would be even more telling if the figures for the 55-60 age group alone were available.

*An Ambiguous Concensus*. The rapid expansion of early retirement can be explained by the gradual development of an ambiguous consensus between employers, the unions, the government, and workers to promote it. What does each party get out of it?

Employers can use early retirement to reduce overstaffing without labor disputes that may intervene in cases of firing. Early retirement is not costly for companies (since the State pays for most of it) and makes substantial cuts in the payroll possible (older workers with seniority are expensive). The outcome is that early retirement measures make companies more competitive.

Unions see early retirement as a lesser evil: a person on early retirement is better off than someone on the dole. Early retirement is also viewed by the unions as a way to lower the legal retirement age (a perennially popular position) that can be taken when other means have failed.

The government derives a certain number of advantages from early retirement measures. First of all, it is a quick way of reducing unemployment figures (people on early retirement are not included in the official unemployment statistics) and it may reduce tension in the periods of transformation of the labor force.

Workers, who initially resisted early retirement on the grounds that it was disguised dismissal, have come to appreciate a guaranteed income up to the regular legal age. Although income is lower than what was earned when working, it is higher and more regular than unemployment benefits. Growing job insecurity has made early retirement look more and more advantageous.

On the less rosy side, however, the mushrooming of early retirement has also revealed its drawbacks:

- The cost of early retirement for the State budget has become enormous because of the increase in the number of people retiring early at increasingly younger ages. This results indirectly in a loss of competitiveness at the national level.

- 80% of the employment budget of France goes to people on early retirement pensions; little is left over for positive actions in favor of job creation and retraining programs.

- In companies, career exit of older workers constitutes an indiscriminate blanket measure (since once an individual reaches a certain age, he or she is dismissed) which is poorly adapted to differences between companies and even to positions within the same company. It also constitutes an important loss of know-how and experience. Early retirement can be a source of demotivation for somewhat younger workers who have no other choice than to wait for early retirement. Early retirement allows companies to solve their employment problems of aging workers and others in the new work and productivity conditions which will invariably arise, without efforts to adapt working conditions and to train older worker.

- Early retirement means that there is less money going into old age pension funds.

- By lowering the age at which career exit takes place, early retirement creates a situation which is in contradiction with raising the retirement age, the necessary condition for financing pensions.

- Early retirement reinforces the imbalance between the increasingly younger "aging" of the workforce, the rise in life expectancy, and the fact that individuals' physical and mental capabilities remain operational much longer.

*Older Workers: A Trade-off Policy.* Over the last few years, the situation of older workers has fluctuated with changes in the economy. Now that the economy is on an upward swing, companies are investing more, but national and international competition tends at the same time to be stiffer. Personnel management has also adapted: the guidewords are "constant innovation", "total quality", "zero defects", "zero breakdowns", which all call for new skills, new positions, job mobility and a greater capacity for change.

In this context, early retirement measures are not sufficient to streamline the company since all the employees, regardless of age, are affected. One of the simplest practices which has been used widely in France is to implement what is termed "trade-off dismissal". This consists of dismissing all those individuals who are less skilled or handicapped in some way (older workers fall into this category) and replacing them by hiring younger, better trained and less costly people. This makes the situation of older workers increasingly precarious at increasingly lower ages, in particular for workers with lower skills. Exclusion through early retirement thus continues but has a different significance: instead of reducing overstaffing, it allows the company to get new for old. Workers who do not qualify for early retirement are also hit by this type of measure: the 50-55 age bracket is now seen as more expendable than younger workers. The impact on career plans, promotions and retraining now affects workers in their 40s. The mid-life crisis, a recent phenomenon in France, has now become a reality.

Thus in France the older worker problem is not one of authorizing employment after retirement or a lack of a youthful workforce, but rather to have and to hold a job, if possible up to conventional retirement age, and not be assigned to a lower, less well-paid and precarious position for the second half of one's career. The problem of older workers is linked to the high unemployment rate in France and the way in which companies restructure and manage their personnel. The most common practice in France, in contrast to other countries (Sweden, West Germany), is dismissal and replacement (what economists term "external flexibility") and not ongoing personnel training and in-company mobility ("internal flexibility") for older and younger workers alike.

The four points describing older workers during the period of economic growth (see above) have changed radically: career exit, the periods prior to and following exit have become precarious and multifaceted as is the case for the entire life cycle. This upheaval is analyzed in my book, La Deuxième Carrière (Le Seuil, Paris, 1988) that focuses on transformations affecting the 45-65 age bracket, a period I have termed the Second Career. The salient features of older workers now in France are the following:

- Career exit is spread over a 10 to 15 year period between the ages of 50 and 65 and is coupled with a variety of statuses having diverse implications, to name but a few: retirement, early retirement, unemployment, disability, "discouraged worker". Retirement for all at a set age is something of the past.

- Prior to career exit, the situation of older workers can be characterized by its instability: transfers, deskilling, cuts in salary. The older worker is underrated and the benefits of seniority have become impediments to keeping a job (personnel costs).

- After career exit, people with no jobs who are still young and in good health turn to all sorts of "activities" -- paid or volunteer -- that are sources of income and/or a role in society. Retirement is no longer synonymous with rest and leisure.

- The life cycle has changed radically under pressure of employment, and can be no longer be neatly divided into three stages. This is particularly true for older workers (between the ages of 45 and 65) and for youth (18-30) where in France unemployment and the insecurity of employment are higher; stability is greatest for the 30-45 age bracket.

**ISSUES AT STAKE**

In the new context of economic recovery, of employment creation and new technologies, of labor shortages in some sectors, can a systematic policy of rejection of aging workers, of early termination of employment and of downgrading of older staff within the enterprise be sustained in the long run? The immediate benefits of early retirement are clear: a rapid and relatively painless solution to overstaffing, the social acceptability of the measures taken, no increase in the number of unemployed. However, such a policy has important disadvantages: substantial financial and human costs for society; demoralization of workers remaining in the enterprise; difficult adjustment of early retirees to their new situation; loss of skills and institutional memory; imbalance in the age pyramid; and elimination of the possibility of reconversion problems. Don't we have to effect a gradual shift from a quantitative, budget-oriented, short-term management of the work force to a qualitative, forward looking, diversified policy?

The aging of population and in particular of the working population is an inescapable fact. In the year 2000 half of the labor force will be over 40. The post-war prolific baby boom generation will soon be made up of 40 to 50 year olds (1990-2000), then of 40 to 60 year

olds (1990-2000): 800,000 individuals a year and a labor force participation rate of nearly 75% for women, as against 600,000 people in the older age group with a rate for women below 60%. At the same time, the number of young job seekers entering the labor market will decline by 100,000 a year as of 1992 as a result of the drop in the birth rate which started in 1972. How are we to manage this new age distribution pattern? What should be our human resources policy (working conditions, training, promotion, career path) for this increasing number of older workers competing with one another?

The aging of the population also means an increase in the number of older people, longer retirement periods, an increasingly unfavorable ratio of working versus non-working individuals:

- The over 60-year-olds account at present for 18% of the population, i.e., 10 million people. In 2005, they will account for 21.5% (i.e., 12.5 million) and for 32% in the year 2040 (i.e., 18.5 million).

- Life expectancy increases by three months per year. It rose from 79.4 years in 1973 to 81.6 years in 1989.

- On average, people stop working at an increasingly younger age: 62.3 years in 1973, 59.1 years in 1989. The length of people's working life is also shortened because they enter the labor market at an increasingly older age: 20 years of age in 1989 as against 18.9 in 1973.

- The average working life lasted 43.4 years in 1973 and was shortened to 39.1 years in 1988. In 1973 the average retirement period was 17.1 years. But it rose to 22.5 years in 1988.

## MODERNIZATION AND AGE MANAGEMENT IN FRANCE: FRENCH OLDER WORKERS AND EMPLOYMENT

- In France in 1931, there was one retiree per 4 working people. In 1985 the ratio was 3 to 1. In the year 2000 it will decline to 2.5 to 1, and in 2040 it will be 1.85 to 1. In order to get back to a 3 to 1 ratio by 2040 the normal retirement age should be postponed to 70.

- The Tenth National Economic Plan includes the needed policy measures to be taken by the year 2005: reduction of pensions by 14% and of workers' salaries by 15% through an increase of their employees' contribution.

Within such a context, can we sustain the expansion of early retirement incentives policy, while at the same time maintaining the existing retirement system without imposing too heavy a burden on the working population by still safeguarding the competitiveness of French enterprises? Isn't it necessary to find some way of extending the working life of employees, and the way of learning how to manage the older workers?

A secular trend prevailing in industrial societies consists in shifting the relationship between the time devoted to work, the time devoted to leisure, and the time devoted to training. At present, an individual over 18 years old spends more time in leisure activities than at work (INSEE). In this connection, a significant element is the ratio of time spent at work versus time spent in retirement. A few decades ago, one spent 45 years of one's life working and 15 years retired. At present, the ratio is 40 to 20 years, and experts predict that in the near future, working life and life in retirement will be equally divided in two slices of 30 years each. In the meanwhile, the share of time devoted to training is on the increase.

These shifts affect not only the length of time spent in a given activity but also the way such activities are organized. During their life time, people tend increasingly to alternate between work, leisure, and training. Mobility and flexibility of employment enhance job diversification, require job transfers, thus continued training. New relationships emerge among work, unemployment, and leisure. Ca-

reers and retirement are becoming more diversified and flexible. In this new perspective, it is not enough to preserve the existing achievements but also to find new trade-offs between work, leisure, training, and resources according to the needs of the economy and people's expectations.

Is this trend merely leading to the extension of working life or rather towards the reorganization of life's second act as a whole and everything connected with today's older workers and retirees?

## FUTURE POLICIES

The new situation in the economic, demographic, and cultural areas, requires a shift in the future policies concerning older workers, making them better adapted to economic efficiency and social cohesion. Three objectives should be pursued:

### Restoring the balance between generations in employment opportunities:

Instead of taking measures which systematically exclude certain age groups and create an imbalance in the age pyramid, the government should clearly state this new objective of restoring the balance between generations through a variety of actions concerning workers of all ages.

### Retention of older staff in the enterprise:

Instead of destroying the self-confidence of workers and pushing them to the sideline because of their age, every effort should be made to design a human resource policy toward older workers which would reduce the risks of removal of their age groups from the labor market and increase their opportunities to maintain their competitive position on the market. A dynamic human resource policy should emphasize a forward looking management of personnel, a continuous and qualitative development of human resources, an effort to upgrade the second part of the worker's career. At present, there are two early retirement systems (FNE or UNEDIC) operating at the same time.

They strongly encourage the crowding out of older workers and may well jeopardize the success of any other initiative. The keystone of any policy in favor of older workers should be the reconsideration of these systems.

**Appropriate and coordinated measures to assist older job-seekers:**

The older unemployed find themselves in a particularly difficult position in the job market. The only way to improve their opportunities for re-entry into the market and reemployment is the adoption of a range of specially targeted measures managed by representatives of local employers and employees.

To reach those three objectives, a comprehensive policy has to be implemented, namely:

- Replacing short-term makeshift solutions by actions which take into account all aspects of the employment of older workers (working conditions, training, career,...)

- Any measure in favor of older workers should be integrated into the overall management of workers of all ages and should result neither in segregating their age group nor in ignoring their specific problems.

There is also a need for designing an approach and developing specific tools, and this is the purpose of this report. Based on concrete experiments carried out in the workplace, the report describes simple and efficient policies and actions. These are suggested to encourage business firms and in particular small and medium enterprises which have a high potential for employment. Through a combination of successes and negotiations, a new and different consensus on age management can emerge. Three aspects will be reviewed: older workers in the work place, older workers' lay-offs, and reemployment of the older unemployed.

# PART II
# OLDER WORKERS IN THE WORKPLACE

**THE STRUGGLE AGAINST AGING.**

Aging is a major risk of exclusion of older workers, since the effects of certain physically difficult tasks worsen with age. This risk increases with the introduction of new technologies or new methods of organization in the workplace.

To reduce that risk, the first step consists in eliminating stereotypes according to which aging has no redeeming features, and in recognizing that there are many ways of aging and that despite certain losses and declining abilities, older workers retain substantial capacities and effective ways of compensating for their weaknesses.

Growing old does not mean becoming unable to carry out any task, but rather finding it more difficult to do a particular job in a particular context under specific constraints. We also know that there is a correlation between aging and ways of life, initial training and working conditions; business firms and society get the "old" they deserve. "Aging" can be accelerated or delayed. Within the enterprise, all workers must be seen as complex, diverse, changing individuals interacting with specific physical or mental constraints.

Any measure to combat exclusion for reasons of age must therefore start with a concrete knowledge of aging workers, of their duties in the enterprise, of their abilities and experience, of their needs and expectations.

Any staff over the age of 40 assigned to physically difficult posts or to jobs requiring uninterrupted attention should be systematically monitored by the enterprise itself under the supervision of "on-the-job physicians"; such monitoring should not be limited to the rules prescribed by the Labor Code.

To be operational, managing an aging workforce should be seen in a much broader context: a systematic survey of individuals and jobs. There is a need to take stock of the physiological condition and of the aptitudes of the staff, and carry out a detailed analysis of

job constraints: pace of work, physical or mental workloads linked to checking tasks, to the prevention of breakdowns, to monitoring tasks on a screen etc.... By comparing the files on workers' abilities and job requirements, it will be possible to:

- Choose the right assignment for each individual in full knowledge of possible counter-indications and of his/her potential.

- More generally, to make projections of qualifications and aging to shed more light on the various options of an employment policy (recruitment, training, mid-career hiring, promotion, ...).

- Obtain for all industrial plants a map showing the areas where the most strenuous jobs, the most accident-prone locations, the worst working conditions, atmosphere, and noise level are concentrated.

All these documents will help in the choice of a policy governing working conditions. They are essential for a policy in favor of older or aging workers.

We recommend the creation in business enterprises of interdisciplinary task forces (including representatives of "industrial physicians", organization and methods engineers, manufacturing engineers, and ergonomists) to study working conditions for each major technology, to suggest measures like the adaptation of jobs and see to it that working conditions are taken into account in the choice of investments.

Based on the analyses of the various jobs which are then classified according to their specific requirements, business firms can find the necessary solutions, either by changing the way work is organized, or by investing in the improvement of specific tasks (elimination of tasks requiring a raised arms position, for instance). Such

improvements will enable the workers to keep working longer. Job adaptation is particularly important, when a job involves the use of new automated equipment. There is a need to overcome the initial reaction of assigning such new tasks to younger workers who are usually graduates. Several experiments have been made showing that retraining of older workers is possible, subject to a few precautionary measures.

The role of workers has changed as a result of the introduction of new technologies and of new forms of work organization. As members of teams entrusted with the operation of complex installations, they must perform broader tasks and assume greater responsibilities. Monitoring, control, breakdown detection, and prevention are all new tasks which require an awareness of the general operation of the workshop or the plant. Such changes entail new *duties* for the workers but also *the right to be informed, to express their opinions, to suggest new ideas within the framework of working groups*. Since they are more experienced, older workers will be able to provide a useful input to these working groups, as well as in brain-storming sessions and in quality control circles.

In view of the substantial needs for training and studies to adjust to the changing environment, business firms could use older workers for their training sessions and for tutoring activities organized for younger staff after going through suitable instruction to qualify as trainers. Older managers could be entrusted with counseling, inspection, training, and study functions, as is the case in other countries.

Business enterprises have undergone such major changes that they would be well advised to adopt the policy of periodic evaluations of each older worker, making such assessment mandatory for all workers between the ages of 40 and 45. In addition, a career plan for each older worker should be prepared. These documents would be drawn up within the framework of collective bargaining agreements on the plant or enterprise level or industry-wide, and would become essential elements in personnel management. Another type of assessment could be made at the worker's request by an external body, independent of the enterprise.

Actions aiming at reducing the risk of exclusion due to age could lead to a program of preparing an end-of-career plan jointly agreed upon by the worker and the employer. It would cover the remaining part of the worker's life until retirement. It would provide assurance of job security; it would also include the necessary adaptations (e.g., less strenuous jobs...). It is necessary to break the ingrained habit of an automatic job termination at age 55, and the demoralizing feeling of insecurity which prevails during the preceding years.

All these proposals emphasize the need to integrate age management within the context of human resource management. They also imply that these approaches should be taken into account by enterprises when they design their strategies. Managers of Personnel Departments should take part in the examination of investment programs. It is more efficient and less costly at an early stage to plan working conditions for older workers and for the rest of the staff. Prevention of the negative aspects of aging must take place at that level.

**MASSIVE, DIVERSIFIED, AND INTEGRATED TRAINING PROGRAMS.**

Enterprises have every reason to invest in massive training programs: new technology, new forms of work organization (multi-skill, teams...), management requirements (highest quality, mobility, competitiveness), as well as coping with a shortage of skilled labor, and the need to create a favorable social environment. Some of the programs now even extend to those who, in the past, were the first to be laid off, i.e:, workers with a very low level of skills. These initiatives should be encouraged in favor of older workers.

Until now, company training programs were focused on workers in the 25 to 35 age bracket. The number of trainees decreases quickly with age, especially for the least-skilled workers and no more than 5% of the trainees are workers over 45. If this trend is not reversed, the risk of excluding older workers will be greater.

This type of training is subject to many constraints. In France, there is a tacit consensus between employers, unions, public authorities, trainers, and older workers, according to which all training becomes impossible with age. And yet there are many examples to the contrary in other countries (for example, Canada, USA). We now know that training difficulties are more often due to the lack of initial and continuing training, to working conditions, than to age per se.

Older workers themselves often share this misconception and have to overcome a number of inhibitions: lack of motivation, the fact they left school a long time ago, the fear of finding themselves in an academic setting again, the fear of exposure to new knowledge, etc. An important obstacle is in the use of teaching techniques designed for younger workers just out of high school. It is often easily argued that the main obstacle to the training of the older workers is its limited cost effectiveness due to their low working life expectancy, but it can also be argued that the enterprise will not reap the benefits of training younger workers because of their higher turnover.

The success of older workers' training depends on the combination of different factors. A number of measures prior to (or jointly with) the actual training must take place as to involve the trainees more deeply into the process and, in this way, enable them to acquire the necessary skills. Actions prior to their training require the following:

- Knowledge about the older worker' jobs and potential. The training should be based not only on an analysis of the requirements and skills needed to ensure maximum quality of work and excellent results, but also on an analysis of the types of people who must possess those skills. Everything must be done to allow a true diagnosis of the sum total of knowledge and the potential for growth available in the enterprise: better evaluation of workers by line of command, tests, "As sessment Centers' method" (evaluation of behavior and skills), individual performance evaluation, and annual discussions.

These different evaluations must also enable individuals to maintain and expand opportunities for career growth and design their career plans.

- Preparation for change. It consists in giving older workers guidelines and information enabling them to understand the nature and implications of future changes. This action could take several forms:

- Learning about the enterprise, its different departments, its *modus operandi*, the importance of each worker in relation with the activities taking place upstream and downstream of his particular function, the economic environment, the competition and the requirements it entails, etc.

- Information and demystification of new technology and its effects on the methods of organization of the enterprise.

- Improvement of the basic technical culture formalizing employees' work experience.

- Improving the methods of analysis, of reasoning, and problem solving through certain methods like the PEI (Program of Instrumental Enrichment), the ARL (Workshops of logical reasoning), etc. These methods, used by some enterprises, gave access to training to people who otherwise might not have had the opportunity to do so. The results were good, regardless of age. There were also some additional benefits: new motivations, increased stamina, preparation and acceptance of a training plan, overcoming certain mental blocks or failures, better self-awareness of his or her own intellectual potential, more autonomous behavior, and better expression and communication.

- Recognition by the enterprises of the value of work experience and occupational achievements by capitalizing on the know-how and the solutions worked out by the workers. This approach demonstrates that each worker, whatever his age, can create know-how. The analysis of these experiences will be the first attempt at formalization and will serve, at least in part, to understand the new production techniques.

Organizing these training measures requires, as we mentioned, that the actors get involved, and their skills or qualifications and potential be recognized and finally, that their needs in continuing education be revealed. These elements will be directly taken into account so the massive and continuous effort to train older workers can be organized efficiently. Along the same lines, it might be useful to distinguish three groups of workers whose training would be tailored to their different needs:

*Older workers who possess basic skills*. They will need either to improve their technical skills, or to acquire new ones for promotion. Based on an assessment of each worker, personalized training programs will be organized in the form of modules based on clearly identified occupational skills which are accredited by the government. Enterprises and training institutions will have to coordinate their actions, since on-the-job training is not sufficient for this group of workers. Training of these people can have a spill-over effect on the other workers.

*Older workers with no skills*. This group includes many workers whose skills are not formally recognized, although they possess an array of different types of know-how which could serve as a starting point in designing practical training for their benefit. All the preliminary measures preceding the training itself are very important, because they focus on prevention and continuous assistance. Training at the work-station will be emphasized as well as the development of cognitive capacity, of a framework for analysis and action based on the observation of the most frequently encountered situations. It is

necessary to favor training in and by the work group and also the creation, inside the company, of "resource locations", open areas for training that would allow each person to broaden his or her knowlededge, at his or her own pace. The training would be given by managers after a suitable training.

*Older workers with very low level of skills*. This group is at great risk (often almost functionally illiterate) of being excluded from all types of training programs and, consequently, of all employment opportunities. A thorough evaluation should, however, involve more insight into this type of workers. Certain basic skills can be acquired by practicing the simplest motions and tasks. The training may be longer, expensive, and sometimes impossible. In such cases, search for employment will have to focus on industries which can use these workers' abilities. The training needs of this particular group are so substantial partly because they never received basic training; they should be one of the target groups for government support.

For older workers in general, more training is needed and should be encouraged by targeting specific jobs for the trainee and including these jobs as part of an explicit company plan. The law of August 2, 1989, is a step in that direction: it provides for an increased government support of long-term training for workers over 45 with a view to adapting them to job changes in the enterprise. Provisions concerning this training have to be included in collective bargaining agreements. There are other types of support, such as:

- The firms have to devote 1.2 percent of their wages bill for continuing training for workers: A part of it could be devoted for older workers training.

- Training programs for older workers should make employers eligible for a training tax credit.

- A premium should be paid to older workers who apply for training programs.

- For the benefit of small and medium sized enterprises (SME), a map of all area businesses' training programs for each type of job should be drawn up to inform them about outside training opportunities. Also, a data bank should be created with information on available employees and their specialties in a given employment area who, if need be, would replace absent workers involved in training activities.

*Forward-Looking Personnel Management of Age Groups.* As we look at what has to be done for employment of older workers, whether by measures to control the negative facets of aging, or through training, we see that significant results can only be achieved through forward-looking "age management," and human resources management in general. Instead of a quantitative, budget-oriented management of the workforce, this type of management provides the tools to better understand the jobs and individual workers, and to make the right decisions on their evolving abilities and the intergenerational balance. It fosters an employment policy which is both quantitatively and qualitatively oriented towards the future. Internal flexibility replaces external flexibility. This type of management, should by all possible means, be encouraged: it is effective for older workers and is aimed at forestalling future problems.

Forward-looking personnel management is not yet widely used by French enterprises. It goes beyond the application of a new technique; it implies changes in the whole life of any enterprise, in its philosophy as well as its *modus operandi*. It involves an individualized type of management and requires one-on-one talks with staff, which is crucial for older workers who go through an in-depth evaluation in their forties. It requires also the inclusion of the human dimension (e.g., working conditions, employment, career path, and aging) in the design of industrial plans and in the criteria for the selection of investment projects. The entire line of command, including the chief executive officer, must be involved. To achieve a truly forward-looking

management policy, it is essential that the Director of Human Resources be a member of the steering committee.

The cumulative effect over many years of the increasing number of early retirees; the limited number of younger new hirees; and the aging of those hired in the 1970s in certain sectors, have imposed on enterprises the problem of restoring the balance between generations, which companies have to face. Generally, enterprises show a concentration of workers from the 35-49 age bracket and a limited number of younger and older workers.

Personnel policies and forward-looking management will have to be diversified and refined; they will have to deal with several issues at the same time: retirement or early-retirement of some older workers, retention of others, recruitment of younger graduates, and in-service training of a number of employees to enable them to perform new tasks.

The flexibility given to older workers will increase the number of their options. Apart from staying on or, on the contrary, leaving their jobs, they will be offered other choices: reduction of working hours (either during the day or during the week); jobs as instructors or tutors to younger workers; replacing other workers in training; temporary work in SME; "tapered" retirement programs, etc.

Forward-looking management, as well as human resources management, require a major effort of information, motivation, and negotiation. Enterprises have to get involved in this effort, especially their chief executive officers, employers' associations, and public authorities. The emphasis should not be placed so much on promoting legislation and government regulations, as on improving different aspects of a genuine human resources management: motivating staff, explaining strategic choices, forecasting changes in employment and skills, managing these changes and the continuous training of personnel, stimulating creativity, and encouraging collective bargaining by complying with legal obligations on the part of personnel representatives.

The extent of enterprises' responsibility in this field can be measured by the effort required to retrain workers who have to leave the firm, especially older workers. Enterprises have a key role to play because of their knowledge of the workforce, their interaction with other enterprises, and their ability to help in finding employment elsewhere, which is more difficult and time consuming for older workers. Moreover, enterprises which are looking for personnel in this period of labor shortage, could conclude labor agreements with training centers and the national employment agency (ANPE), explore potential job opportunities, provide for training alternatives, and monitor workers meeting market needs. Older workers could be included in these agreements.

## PART III
## LAY-OFFS OF OLDER WORKERS AND EARLY RETIREMENT PROGRAMS

All the useful measures to make sure that older workers can hold on to their jobs (by trying to control "aging" by improving working conditions, and all the other measures enumerated above), are necessary, but other initiatives are imperative: We must fight against a systematic rejection of older workers, which has prevailed in recent years and was unanimously endorsed by public authorities, enterprises, and by the beneficiaries themselves, who left either to retire (including retiring early), or were laid off with unemployment benefits until their formal retirement pension age. Today, this exodus of older workers must be curbed for all the reasons mentioned above.

The law of August 2, 1989, improves the status of France's older workers: it constitutes a turning point towards the protection of older workers. While some initiatives have already been taken, they tended to focus on a demeaning welfare-oriented unemployment. They had been copied from measures taken for younger workers. This new law offers very positive solutions to fight the automatic exclusion of older workers.

First of all, without giving a precise definition of who is an older worker (at least 55 year-olds, according to the Labor Code, which provides that three months wages will be paid by the employer to the national unemployment insurance agency in the event of a lay-off after the age of 55), the law of 1989 adds a criterion to those which establish the order of layoffs -- "taking into account the situation of workers, with certain social characteristics, making it difficult for them to find a job, especially the handicapped and older workers." (art. L 321-1-1 LC). A social plan must be designed "to facilitate an easier resettlement of workers whose lay-off could not be avoided, in particular, older workers." (art. 321-4-1 LC).

The positive measures include, among others:

- an increase in the employer's cost of lay-offs of workers over 55 by extending the obligation to pay 3 months of salary to the national unemployment insurance under certain conditions.

- eligibility for retraining opportunities leading to job transfers, with a penalty for the employer who does not comply.

- a social plan must be established in each enterprise.

- rehiring priority for a year after dismissal.

- an increase in government's financial aid for long-term training of workers over 45.

Adjustment initiatives could be made more attractive and more efficient: A system of adjustment has been created for that purpose. Certain laws and agreements (in 1985 and 1986) have made training substantially more attractive for older workers. However, more effective steps could be contemplated to complement existing measures. Adjustment programs for older workers must be based on the following:

- a detailed personal evaluation.

- training of a duration and at a pace adapted to each case.

- on-the-job training at each work-station.

- good chances of finding a job after training.

Fewer, more selective, and more rigorously negotiated early retirement agreements, are called for. A more pro-active approach could reduce the number of early retirements. The early retirement system must be reviewed.

Support from the FNE (government line of credit for employment) for early retirement programs should be offered under certain conditions to enable public authorities to regulate its rise according to labor market needs. Without doing away with this system, which was quite useful in dealing with recession situations, it should become more selective and take into account the size of the enterprise, its financial position, the age profile of its staff, efforts made for retraining and skill upgrading of its labor force, as well as the employment situation in the local area.

The eligibility criteria for early retirement at age 55 could be made more stringent, since the system now facilitates early retirement with a *full-rate pension* at age 55 for those workers who have contributed to the pension system for 150 quarters or more. "Flexible" early retirement programs (half-time, part-time) could be made more attractive. Negotiation of FNE agreements between the public authorities and the chief executive officers of companies should, more than ever before, focus on obtaining protection for workers 50 to 55 years of age and especially concentrate on improving social plans.

Finally, the early retirement programs offered to workers on an individual basis should be restricted to the SME-SMI; they should not be the only element of a social plan.

*Harmonizing the FNE and the UNEDIC early retirement Programs*. A review of statistics about unemployed workers over 55 covered by UNEDIC (art. 20) and by the FNE shows that these two systems compete with one another, and the choice of one system over the other depends more on complex factors which are enterprise- or worker-specific (cost of the program level and length of guaranteed allowance) rather than on the nature of the system itself. This competition has led to legislation imposing on the employer a contribution of 3 months wages to UNEDIC as described above. This measure has had an immediate effect: it *reduced* the number of early

retirements under the UNEDIC agreement and *increased* subsequently those offered through the FNE. However, the situation has deteriorated again. UNEDIC estimates that, since the beginning of 1986, it has suffered 10 billion Francs in losses because of this transfer. This should encourage unions and employers' associations to find solutions so that the UNEDIC system is not perceived as a duplicate of the FNE.

## PART IV
## THE RE-EMPLOYMENT OF OLDER WORKERS

The situation of older job applicants is special, as we have mentioned, because of their sheer number, the duration of unemployment, the cost of their benefits to UNEDIC, and their limited probability (12%) of finding another job. They require special attention and specific measures because older workers have not benefited much from the actions designed to reduce hard-core employment. Since the government's program of 1989, employers who hire job applicants over 50 have been granted an exemption of all contributions to their social benefits until their retirement. An important measure of this type should have significant results. The implementation of such an appropriate policy implies action in five directions:

### 1. CHANGING IN DEPTH THE ACTORS' PRACTICES AND BEHAVIORS:

- Simplifying and facilitating, for the job applicants the necessary formalities, by creating at the local level one centralized, accessible reception center where they would have all the information, and where detailed evaluations could be conducted.

- A more flexible management of the system supporting workers' integration to allow for a smoother sequencing of actions (consolidation funds) and a multi-year agreement framework between training institutions, local authorities, and the government. There is a need for the ANPE and the job seekers to conclude a contract stating their respective objectives so as to get them more involved in the process.

- Mobilizing the parties concerned by defining specific goals, rather than letting them simply manage their financial means, as well by emphasizing criteria for placement and access to formally recognized skills, to evaluate their activities.

**2. EMPHASIZING MEASURES FOR JOB PLACEMENT:**

Although jobs have improved in recent months, we must admit that few jobs have been offered either to older job applicants or to those unemployed for more than a year. Our attention must therefore be directed towards all the measures that can increase the employment rate of these specific groups of people.

This policy must be supported by public authorities to reverse today's trend of early exits of older workers; this government action will bolster an active policy for older workers' reemployment led by the different actors and the unemployed themselves.

To help older job applicants to get involved in this initiative, a specific information service must be established. Apart from the reception center that has already been suggested, a guide for older job applicants should be compiled. It could contain, in particular, information on existing measures, examples of successful experiences, and testimonies of older job seekers who found employment.

All these factors, including a marketing approach to attracting companies; identification of jobs adapted to older workers; and an analysis of the job applicant's abilities, may optimize the various stages leading to their reintegration in the labor market. Under certain conditions, older job applicants can take advantage of the work done in "Active Job-Search Clubs."

Special measures must improve employment opportunities for those older job applicants whose productivity is low. Public authorities and businesses could jointly bear the cost of their wages for the period of time which the worker needs to upgrade his or her skills to reach a satisfactory performance; a government subsidy would vary according to a given schedule and the person's progress. In addition,

certain jobs can be adapted to make them more appropriate for older workers. These adjustment measures could benefit from government support according to the investments made.

The enterprises' efforts to set up additional teams or new equipment following a reduction of working hours could be rewarded by a tax deduction if these changes led to hiring an older unemployed worker to use that equipment. Flexible work schedules would also be desirable so older workers could keep their jobs longer under improved conditions.

**3. EXPAND SOURCES OF EMPLOYMENT:**

The "employment-solidarity" contract (CES) improves somewhat on other types of programs (TUC, PIL, TIG). This contract may, however, be of little use to older job applicants who have had a long work experience. In all cases, the nature of the positions must be defined in close cooperation with the beneficiaries of this measure. An effort should be made so that employment obtained under this public-service "employment-solidarity" contract (CES) will no longer be perceived as precarious.

In the same context, these public-service jobs could be professionalized and, in this way, the skills they require could become transferable. The worker employed under CES contract should be monitored so as to avoid his getting locked in that position. However, in special cases (workers of 55 and over), the older unemployed could keep his CES job until he can receive his pension; in that case, he should be entitled to both his wages under the contract as well as unemployment benefits. Even if there are no rigid guidelines concerning the contract's duration, financial incentives should be provided to allow this employment to convert CES jobs into regular-wage positions.

"Peripheral employment" activities have not benefited older job applicants. A survey of an employment area, revealing the labor needs which have not yet been met, could lead to the official recognition of these types of jobs which would be compensated with stable wages with the help of public interest associations acting as employment agencies, for instance.

While experience has shown that few job applicants over 50 start their own business, it could be interesting to encourage 45 to 50 year-old job applicants to choose that option. Support for this type of employment could focus on technical, administrative, and financial training. Permanent assistance in managing could be given in the form of auditing and counseling, or through organizations like management centers which these new entrepreneurs could join. The subsidy could vary according to worker's age and other criteria.

**4. TARGETED, MOTIVATING TRAINING IN AN INDIVIDUALIZED PROGRAM:**

Older unemployed persons do not benefit much from training programs. This can be explained, on the one hand, by the perception and the experience of the risks involved in this type of training and its uncertain outcome. In addition, employers prefer measures which focus on trainees who do not require such a time investment.

Training of older unemployed persons must, however, be substantially reinforced for those over 50, but especially for those over 45 whose remaining working time is long enough to make the training investment seem cost-effective. The basic principle must consist in reversing the trend that excludes the older unemployed from training.

As is the case for older workers, older job applicants must also be a target group and be counseled as to the most suitable training programs:

- An evaluation of each older unemployed worker must be conducted as systematically as possible. This evaluation implies analyzing with the person his background and achievements to identify and enhance them. It is also a good opportunity to try to renew the applicant's motivation for action and to discuss one or two possible projects. At each step of the evaluation, pinpointing the elements which could lead to a choice of career path could be judicious, even indispensable. The evaluation must be designed as a dynamic process made up of different stages which do not

necessarily follow each other in a linear fashion but rather depend on the objectives and characteristics of the job applicant.

- A preparatory phase before the actual training serves to reassure the trainee by showing the value of his integration in the labor market, by developing forms of reasoning that will be used during training and making it possible for the unemployed to assume responsibility for their reemployment.

- Organizing and managing training programs: Training will be geared as much as possible towards existing jobs in areas which have a potential for development. There is one type of training course which would be very relevant for the over-45 unemployed. It is called SNAM (stages de mise a niveau/catch-up training) organized by the ANPE in partnership with the enterprise, which pledges to hire the trainee after training. Such programs could be intensified.

Training must also be geared towards practical life and be based on existing occupational practice: an academic set-up might result in excluding some of the workers.

Individualized training paths, a less demanding administrative setting, better wages for older unemployed trainees, and all these elements encourage the trainees to involve themselves in career-enhancing programs.

**5. LOCAL MANAGEMENT BASED ON PARTNERSHIP:**

Limited employment areas are particularly suitable locations to encourage collaboration between different organizations, but also to put into action energetic policies in favor of society's outcasts, particularly the older unemployed. A coordinator would encourage the different actors to establish a coherent training plan for the unemployed over 45.

A broad partnership bringing together businesses, local authorities, advisory groups, and training centers should be created to design a pro-active policy in favor of the older 45-plus unemployed. The government should stimulate the various actors in the field directly involved with these issues to pool their respective potentials. In addition, since there will be a close cooperation with the officials of the national employment agency, it is only natural that their competence should be used systematically and on a priority basis.

# PART V
# CONCLUSION :
# THE CASE FOR A PRO-ACTIVE POLICY: PUBLIC AUTHORITIES, UNIONS, EMPLOYER ASSOCIATIONS, AND WORKERS

Each one of the proposals enumerated above has its importance: They can improve the situation of older workers. They can provide enterprises, employment agencies, and training centers, with the knowledge and the structures to act efficiently as well as with the proper approach and tools. However, what is essential is the adoption of a pro-active policy. This policy must guide the public authorities, the enterprises, the unions, and each worker or job applicant.

For public authorities, several type of actions can be recommended. They should take a clear stand on restoring the balance between generations, on helping workers over 50 keep their jobs, or find other ones for the various reasons mentioned in this report (balance between age groups, solidarity, social costs of the measures leading to the exclusion of certain age groups, wasting human resources, etc.). This clear policy stand would influence employer associations and unions, and would expand the scope of their cooperation.

This policy would become more credible if public authorities decided to make the FNE (line of credit for employment) more selective in its choices of the beneficiaries of its early retirement plans. The best way to recommend internal flexibility to enterprises is to encourage and support financially all training adaptation or conversion initiatives that such enterprises have taken, as well as shifts to part-time work and gradual retirement. Early retirement agreements should be limited to those enterprises which made major efforts of internal flexibility and which are forced to resort to lay-offs in areas where the employment opportunities are scarce.

Public authorities also possess a whole range of financial or technical incentives they can use to influence companies and the SME,

among others. In addition, they have a particular responsibility concerning the reemployment of the older unemployed. Employer associations and unions, and especially companies, have an essential role to play. They should consult with each other at the industry and company level about human resource management, training, and flexibility. Research on possible technological or organizational changes must allow them to predict the changing needs in personnel and skills for future years. Consulting the works committee (the elected body representing the workers) about annual investment programs and employment perspectives will allow the discussion of all types of problems in a dispassionate and open way. Otherwise, without preventive adjustment, and preparatory measures, such problems can only be settled by drastic actions taken under the pressure of urgent need.

Each worker must understand the advantages of human resource management. We have reflected on the importance for enterprises to know and evaluate its workers' abilities; to analyze the different jobs; to work strenuously on improving working conditions; and to ensure job security. The employee must be aware of his career opportunities in the company and be in a position to choose the best solutions to improve his lot, and to adapt to the evolving situation. This information is necessary to enable the employee to have the determination to confront, especially when he's over 45, problems relating to training and mobility.

Thanks to an open communication with his supervisors; thanks to evaluations which can be planned through human resources management, the employee can face his responsibilities in the event of either a transfer or a training proposal, or even the eventuality of dismissal. The latter part of the career must be viewed as a whole.

The last proposal that should be carried out is the need to maintain constant vigilance over the issues concerning older workers and age management within the general context of human resource development and forward-looking planning. This last initiative would focus on:

- Monitoring the enterprise and employment situation, as well as disseminating and exchanging information and results in these areas.

- Pursuing research and studies, since they are still lacking in these fields in France.

- Carrying out various actions of sensitization and training among professionals (e.g., chief executive officers, civil servants, elected officials, unions, industrial physicians, training specialists, and researchers) and of the institutions concerned with the issues (e.g., employer associations, *Institut de l'Entreprise; Commissarat general du Plan; Conseil economique et social; Conseil superieur de la prevention des risques professionnels*; public agencies in charge of employment, training, and working conditions; pension funds; local authorities, associations, and research institutes).

- Developing an European concerted effort, as well as an international one (e.g., USA, Canada, and Japan).

Everything points up the crucial importance of a permanent vigilance today and tomorrow, accentuated by the rapid changes in everything concerning it: human resources management, training techniques (using multimedia and older workers), aging of the general population (the retirement/employment linkage), and that of the working population (the emergence of the baby boom generation); the different expectations of new generations; flexible careers and retirement; and the shift in relationships between time devoted to work, leisure, and training during a life time. Age management is bound to become tomorrow's "new frontier".

## Explanations of French Terms and Expressions

1. garantie de ressources (GRL or GRD). One of the types of early retirement plans offered by the Unemployment Insurance Agency which provided at one time for an allowance of 70% of one's wages from age 60 to 65. Today the usual age of retirement is 60. This type of plan is no longer available.

2. ASFNE. Early retirement incentive negotiated with the FNE (National Employment Fund).

3. Solidarity Contracts. Trade-off contracts which allowed for early dismissal of older workers, in exchange for hiring younger workers to replace them.

4. Fondation des Villes and SOFRES. Two organizations which sponsor or conduct surveys.

5. Fond National de l'Emploi (FNE). Line of credit for employment incentives managed by the Employment Department of the Ministry of Labor.

6. Agence Nationale pour l'Emploi (ANPE). National Employment Agency whose task is to find employment directly for the unemployed.

7. INSEE. National institute which provides all of the statistics on a national level.

8. UNEDIC. The national association which centralizes and coordinates the funds collected by the ASSEDIC (association which receives dues and distributes unemployment benefits).

9. Medecins du Travail. On-the-job physicians who are employed by enterprises -- it is compulsory for all enterprises. Only large companies have full-time physicians.

10. Training Programs. PEI -- Program of Instrumental Enrichment. ARL -- Workshops of logical reasoning.

11. Plan Social. A social plan which has to be established by enterprises which plan lay-offs of a certain number (the Law of August 2, 1989) has been given more weight to enforce compliance with these plans.

12. CES. These employment solidarity contracts are one of the main initiatives of most new employment policies. They provide employment in the non-market sector.

13. TUC, PIL, TIG. Same type of employment initiatives as in the non-market sectors, without the benefit of a contract. They are gradually being phased out.

14. Associations Intermediaires. Private non-profit organizations which supplement the role of the national government's employment agency, by serving as an intermediary between unemployed job seekers and employers.

# INTERNATIONAL EXCHANGE CENTER ON GERONTOLOGY

***Member Institutions***

FLORIDA A & M UNIVERSITY
Tallahassee

UNIVERSITY OF FLORIDA
Gainesville

FLORIDA ATLANTIC UNIVERSITY
Boca Raton

UNIVERSITY OF MIAMI
Coral Gables

FLORIDA INTERNATIONAL UNIVERSITY
Miami

UNIVERSITY OF NORTH FLORIDA
Jacksonville

FLORIDA STATE UNIVERSITY
Tallahassee

UNIVERSITY OF SOUTH FLORIDA
Tampa

UNIVERSITY OF CENTRAL FLORIDA
Orlando

UNIVERSITY OF WEST FLORIDA
Pensacola

**International Exchange Center**
**On Gerontology**
University of South Florida
Box 3208
Tampa, Florida 33620

**(813) 974-3468**

The University of South Florida is an Affirmative Action, Equal Opportunity Institution.